



ALAMEDA COUNTY
CONGESTION MANAGEMENT AGENCY

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Memorandum

*October 22, 2009
Agenda Item 7.2*

DATE: October 13, 2009
TO: CMA Board
FROM: Plans and Programs Committee
RE: Reprogramming ARRA LSR Cost Savings

Action Requested

It is recommended that the Board approve the strategy described herein for reprogramming cost savings from ARRA-funded Local Streets and Roads (LSR) System Preservation projects programmed earlier this year. A "Cost Savings Plan" for the reprogramming is due to MTC by October 30, 2009.

Discussion

Local Streets and Roads projects programmed with ARRA funds from the regional component had an obligation deadline of May 31, 2009 and a contract award deadline of September 30, 2009 as shown in the summary in Attachment B, titled, "ARRA (FHWA Funds) Delivery Deadlines."

A total of \$25,410,000 (including \$770,000 from the state component) was obligated for eleven LSR projects in Alameda County subject to the September 30 award deadline. Information collected by the ACCMA indicates that all eleven projects met the award deadline and that a number of the contracts were awarded for amounts less than the estimated costs used as the basis for the obligation amounts. Table 1 attached to this handout shows the eleven projects, the obligated amounts for each, and the amount of ARRA funding required based on the contract award amount, and the amount of ARRA savings for each project based on the initially obligated amount and the amount required based on contract award.

Sponsors are currently confirming the information contained in Table 1 attached to this handout as it relates to the amount of ARRA savings anticipated for each project.

MTC has issued guidance for reprogramming ARRA savings from the regional component of the ARRA LSR funding (See Attachments B and C). The guidance addresses any savings at the time of award, as shown in Table 1 attached to this handout, and any savings that may be realized at the time of project closeout. The guidance includes a deadline of October 30, 2009 for the ACCMA to submit a Cost Savings Plan to MTC that lays out projects to receive the savings. In order for a Board-approved Cost Savings Plan to be submitted by October 30, 2009, the ACCMA Board will have to adopt the Plan at their October 22, 2009 meeting.

The process for reprogramming ARRA savings to new projects involves deobligating the funds from the existing projects and reobligating them to the new projects. Before the funds can be reobligated to a new project, the project must be programmed, i.e. amended into the TIP, and also included in the

1511 Certification required by ARRA. Attachment C, an email dated 10/1/09 from Craig Goldblatt (MTC) to ARRA Partners describes the process. A minimum of \$500,000 of ARRA funds per new project has been established by MTC as a means to limit the number of new projects programmed for the ARRA savings. The ACCMA is currently working with MTC to establish a limit on the overall number of projects in Alameda County that will be allowed for reprogramming of ARRA LSR cost savings rather than the dollar amount threshold of \$500,000. The priorities set forth below use \$200,000 as a reduced minimum amount of ARRA savings while assuming that a limit on the overall number of projects will be acceptable to MTC and Caltrans.

The following priorities are recommended for the reprogramming of the ARRA cost savings:

1. Projects sponsored by agencies with more than \$500,000 of ARRA savings from their existing ARRA LSR projects (\$500,000 minimum up to the total amount of their ARRA savings)
2. Projects that can use at least \$500,000 of ARRA savings sponsored by agencies with ARRA savings on their existing projects between \$150,000 and \$500,000 (in priority order set by the total amount of ARRA savings for the agency, i.e. the agency with the most ARRA savings receives the top priority in this category)
3. Other projects that can use at least \$200,000 of ARRA savings.

Project sponsors that receive ARRA savings from other sponsors will be required to commit an equivalent amount from their share of the next round of LSR funding to the sponsor that generated the savings.

Next Steps

Table 1 attached to this handout shows five agencies with ARRA LSR Cost Savings. Those five agencies have submitted enough project information for the ACCMA to develop the Cost Savings Plan for MTC and to begin the process of programming the savings, e.g. TIP amendments, 1511 Certifications, etc. The projects submitted by the five agencies are summarized below with the amount of current ARRA LSR savings for each agency.

Sponsor	Project Title (proposed to receive ARRA savings)	Amount of ARRA Savings from Existing Project(s)
Alameda County	Miguel Sidewalk Improvements project	\$ 711,097
Fremont	Osgood Road Rehabilitation	\$ 49,264 ⁽¹⁾
Oakland	Various Streets and Roads Rehabilitation – Phase 2	\$ 991,725
Pleasanton	Santa Rita Road Pavement Rehabilitation (Valley Avenue to Jensen Street)	\$ 386,289
San Leandro	Bancroft Avenue Street Rehabilitation	\$ 206,979
⁽¹⁾ The current amount of ARRA savings for the Fremont project is being determined in conjunction with Caltrans Local Assistance. If the savings amount is below \$200,000, it is anticipated that the project will be too small for reprogramming and the savings from Fremont may be distributed to other projects.		

Attachments:

- A. Table 1: Alameda County ARRA LSR Regional Component Project Summary
- B. MTC Cost Savings Memo, dated September 21, 2009
- C. Email Dated 10/1/09 from Craig Goldblatt to ARRA Partners

Table 1: Alameda County ARRA LSR Savings Summary				
Sponsor	Project Street(s)	Total Obligated ARRA (From E-76)	Estimated Total ARRA \$ Required	Obligated ARRA less Estimated Total ARRA Required
County of Alameda	Redwood Rd.	\$ 2,200,000	\$ 1,488,903	\$ 711,097
County of Alameda	Altamont Rd.	\$ 1,200,000	\$ 1,200,000	
Alameda	Central Ave.	\$ 1,304,000	\$ 1,304,000	\$ -
Berkeley	University Ave.	\$ 1,619,000	\$ 1,619,000	\$ -
Fremont	Citywide Streets	\$ 6,677,000	\$ 6,627,736	\$ 49,264
Hayward	Cyprus & 3 others	\$ 2,037,000	\$ 2,037,000	\$ -
Livermore	Portola and 2 others	\$ 1,479,000	\$ 1,479,000	\$ -
Oakland	Citywide Streets	\$ 4,774,000	\$ 3,857,444	\$ 916,556
Oakland	Citywide Curbs	\$ 1,194,000	\$ 1,118,831	\$ 75,169
Pleasanton	Santa Rita & Stoneridge	\$ 1,588,000	\$ 1,201,711	\$ 386,289
San Leandro	Aladdin & Washington	\$ 1,338,000	\$ 1,131,021	\$ 206,979
COUNTY TOTAL		\$ 25,410,000	\$ 23,064,646	\$ 2,345,354

ARRA Detail		
Tier 1 Total	\$	24,640,000
Tier 2 (Fremont)	\$	770,000
	\$	25,410,000

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Memorandum

TO: Programming and Delivery Working Group

DATE: September 21, 2009

FR: Craig Goldblatt

RE: ARRA Cost Savings Proposal for LS&R System Preservation Projects

There have been numerous questions raised by project sponsors regarding how to handle cost savings at the time of awarding an ARRA-funded Local Streets and Roads (LS&R) System Preservation (FHWA) project. These projects have been realizing savings between 10 and 40 percent of the engineer's estimate.

The following approaches have been discussed as ways to address significant cost savings upon the award of a construction contract for projects under the "System Preservation Projects - Local Streets and Roads" category:

1. In the case where the project sponsor is bringing sufficient local funds to the project budget, the sponsor may lower the ratio of local funds to federal funds in order to maintain the full use of the ARRA funds originally assigned to the project. The freed up local funds would need to remain available for local streets and roads preservation purposes.
2. A project sponsor, as a contingency, could include additional project segments or components under its request for authorization and include those as contingencies in the advertisement package (if allowed). If there are sufficient cost savings upon award, additional project components could be included in the contract. Conversely, if there are no cost savings, a number of project components could be deleted. To make use of this option the larger inclusive project scope must have been already included in the project scope that was reviewed per NEPA.
3. Cost savings could be redirected to another project after award by de-obligating ARRA funds and re-obligating to another project. A proposal to do this follows below, with no funds de-obligated or re-obligated between September 30, 2009 and March 2, 2010, consistent with Caltrans policy. It is advisable that a project retain 5-10% of the project cost to address change orders and contingencies. See proposal below for more details on this approach.

Cost Savings for Local Streets and Roads System Preservation:

If the first two approaches are not workable for a project sponsor, MTC proposes redirecting cost savings to other Local Streets and Roads (LS&R) system preservation projects under the following provisions:

- **Pooling of Savings:** The CMA will pool together cost savings in its county and reprogram these funds to a new project under the same project category type as the original project (within the LS&R System Preservation category). To minimize the number of projects and workloads on Caltrans Local Assistance during the latter part of the ARRA program time frame, the CMA's are directed to select only a few projects that will each use no less than \$500,000 of ARRA funding. MTC will provide flexibility in some cases such as when countywide cost savings do not exceed this amount, but every effort must be made to consolidate savings into a handful of projects, rather than spreading to many lower-valued projects.

ARRA Cost Savings Proposal

June 20, 2009

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- **Cost Savings Realized prior to September 30, 2009:** Savings prior to September 30, 2009 may be directed immediately to existing federalized projects that have already gone through the Local Assistance field review and environmental processes, and can re-obligate the funds by September 30, 2009 and award the contract by December 31, 2009. To provide flexibility, an extension of the September 30, 2009 re-obligation deadline to November 30, 2009 may be allowed under extenuating circumstances, with concurrence from Caltrans Local Assistance that the obligation could occur by November 30, 2009, and such obligation would not interfere with the delivery of other projects. The contract award deadline would remain at December 31, 2009.
- **Cost Savings Realized between September 30, 2009 and March 2, 2010:** Savings realized between September 30, 2009 and March 2, 2010 will be pooled within the county and held until after March 2, 2010 for de-obligation and re-obligation to new projects. This is partly in response to the Caltrans policy that prohibits de-obligations between December 15, 2009 and March 2, 2010, but more importantly to allow Caltrans local assistance time to assist project sponsors in delivering the last of the ARRA projects before the final regional ARRA obligation deadline of November 30, 2009. Cost savings re-obligated to new projects after March 2, 2010, have an obligation deadline of March 31, 2010 and an Award deadline of June 30, 2010. To meet this expedited timeline, CMAs are encouraged to identify and reassign pooled savings in the fall of 2009 so that project sponsors can work with Caltrans Local Assistance and have the project cleared and ready for obligation in early March.
- **Cost Savings Realized After March 2, 2010:** Any additional savings after March 2, 2010, and any funds not obligated by March 31, 2010 or awarded by June 30, 2010 are available at the discretion of MTC to redirect to projects that can quickly obligate the funds prior to the final ARRA deadline of September 30, 2010.

Cost Savings for Regional Strategic Investments:

For the non-system preservation projects, including the safety and smart highway projects, obligations must occur no later than November 30, 2009 with the contract award no later than June 30, 2010. There is a small window to address cost savings for these projects. The final federal "drop dead" date for re-obligating cost savings is September 30, 2010; but Caltrans has established a deadline of August 30, 2010 to provide a cushion to ensure flexibility to the State to manage and save any left-over funding. Therefore there will not be sufficient time in most cases to redirect cost savings to multiple small projects. Any funds made available after June 30, 2010 will be at the discretion of MTC to redirect immediately to ready-to-go projects that can quickly obligate the funds prior to the final state and federal deadlines.

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ARRA (FHWA Funds) Delivery Deadlines

Regional Component	Deadlines
Obligation of LSR System Preservation Projects	May 31, 2009
Award of LSR System Preservation Projects	September 30, 2009
Obligation of all non-system preservation projects	November 30, 2009
Award of all non-system preservation projects	December 31, 2009

State Component	Deadlines
Obligation of Prop. 1B/RTIP Backfill and TE funds	June 30, 2009
Obligation of all remaining funds (SMART Hwys and LSR	November 30, 2009
Award of Prop. 1B/RTIP Backfill and TE funds	December 31, 2009
Award of all remaining funds (SMART Hwys and LSR)	June 30, 2010

Option A: Cost Savings (Short Term)	Deadlines
Obligation of cost savings to existing "cleared" federal-aid projects	September 30, 2009
Contract Award	December 31, 2009
Option B: Cost Savings (Long Term)	Deadlines
CMAs submit program using cost savings to MTC*	October 30, 2009
Request 1511 certifications, TIP revisions, reso. of local support, Local Assistance field reviews for new projects	November 30, 2009
Deobligation and reobligation of new cost savings projects	March 2 - March 31, 2010
Contract award	June 30, 2010

*CMAs are directed to select only a few projects, none using less than \$500,000 ARRA funds. Smaller projects will be considered if savings are less.

From: Craig Goldblatt [CGoldblatt@mtc.ca.gov]
Sent: Thursday, October 01, 2009 12:15 PM
Cc: Sylvia Fung; Alix Bockelman
Subject: Instructions on initiating use of cost savings (Streets and Roads Preservation Projects)

Attachments: cost savings policy.doc; 1511 certification form.xls; ARRA deadline summary.xls



cost savings policy.doc (65 KB...
 1511 certification form.xls (9...
 ARRA deadline summary.xls (18 ...

Dear ARRA Partners:

Below are the instructions for requesting the use of ARRA funds that result from lower than expected award amounts and any remaining funds at project close-out for ARRA streets and roads preservation projects. Don't hesitate to call the contacts listed at the end of this e-mail if you have any questions. The cost savings plan template itself, will be mailed out shortly, which is currently being updated to reflect information received to date from the congestion management agencies. Thanks for your patience,

Craig

Background

Cost Savings accruing from ARRA Streets and Roads System Preservation Projects can be channeled towards existing or new projects. CMAs are responsible for compiling cost savings information and reprogramming these savings to other projects. This e-mail sets out the steps and means to achieve the capture of these cost savings. Please familiarize yourself with the overall framework on the use cost savings and the applicable deadlines using the below attachments:

Attachments: MTC Cost Savings Policy, ARRA Delivery Deadline Summary

Steps to follow

1. Submittal of Award Packages to Caltrans: Project sponsors need to submit award packages to Local Assistance as soon as possible in order to make cost savings available for reprogramming. Project sponsors should have already awarded their contracts for projects that use Regional ARRA funding (MTC Resolution 3885)

When: ASAP

2. Compilation of Cost Savings: CMAs take the lead in cooperation with their local jurisdictions in deciding which projects are to receive cost savings, followed by a Board approval. MTC or Caltrans will not accept any requests directly from project sponsors regarding which projects are to receive cost savings. Owing to limited staff at Caltrans and the resources involved to coordinate and process another round of ARRA projects, each CMA needs to submit a minimum number of projects. The MTC Cost Savings Policy establishes \$500,000 as the minimum amount of ARRA funds to be used in a given project, with flexibility, if cost savings are less for a given county.

When: by September 30, 2009 for all Regional ARRA post-award savings and on an ongoing basis for State ARRA post-award savings and any project closeout savings.

3. Submittal of ARRA Cost Savings Plan to MTC: CMAs will enter cost savings information using the attached Cost Savings Plan template. Indicate those projects yielding cost savings (deobligations) and those projects which will be using them (obligations). We have already included any cost savings information sent to MTC to date. Please check the data and highlight any changes to cells in the spreadsheet when making any revisions. It is easiest for us to receive initially a comprehensive plan showing all savings within a

county for the Regional ARRA post-award savings; but subsequent adjustments are welcome when needed. MTC will then submit the plan to Caltrans as an indication that they may begin to initiate field, environmental, and PSE reviews. However, project obligations are contingent on completing the remaining steps below and the fulfillment of other federal-aid requirements.

Also, grouped listings and other applicable projects in the TIP will be revised by MTC staff based on the Cost Savings Plan. If needed, Sri will contact the CMA to request that a new project be submitted through FMS

As a general rule, when programming new projects using ARRA cost savings, a project sponsor should include sufficient local funding or an add-on component in order to prevent excess funds after award and/or unused balances at close out. Ideally this extra capacity should also be able to address post-award cost savings from the State ARRA funded projects, with an obligation deadline of November 30, 2009; and Regional ARRA funded project close-out balances, if there are any. This group of reprogramming requests will be accepted on an ongoing basis; but note that requests must be timely. Funds must be obligated no later than March 30, 2010; therefore, these savings should be directed to existing federalized projects that have already gone through the Local Assistance field review and environmental processes.

Attachment: Cost Savings Plan

When: by October 30, 2009 for Regional ARRA projects. Please submit to Sri and Craig to initiate changes. If more time is needed, please contact Craig with the schedule.

4. Submittal of the 1511 Certification Form: When adding ARRA funds to projects to the cost savings plan for the first time, please complete a 1511 certification form for the projects. Note that projects that are already certified, do not require a new certification if ARRA funding levels change. MTC staff will subsequently submit the certification to Caltrans in order to request certification, which generally takes 4-6 weeks to complete.

When: With the submittal of the cost savings plan

Attachments: 1511 Certification form. Please submit to Kenneth and Craig

5. Caltrans deobligation and obligation of cost savings: The general direction is to wait until March 2, 2010 to deobligate and to obligate cost savings no later than March 30, 2010. By the time March arrives, Caltrans should have received everything it needs including the PSE package, so the projects can be obligated immediately. Caltrans will not deobligate unless there is a project ready for obligation to absorb the funds. Deobligation of cost savings may not occur before December 31, 2009 and March 2, 2009. If the March 30, 2010 obligation deadline is not met, these cost savings return to MTC for reprogramming at the discretion of the Commission.

When: March 2, 2010 through March 30, 2010

6. Cost Savings Realized After March 2, 2010: Any additional savings after March 2, 2010 and any funds not obligated by March 31, 2010 or awarded by June 30, 2010 are available at the discretion of MTC to redirect to projects that can quickly obligate the funds prior to the final ARRA deadline of September 30, 2010.

Staff Contacts

Cost Savings Plans: Craig Goldblatt (510) 817-5837 cgolddb@mtc.ca.gov TIP Revisions: Sri Srinivasan (510) 817-5793 ssrinivasan@mtc.ca.gov
1511 Certifications: Kenneth Folan (510) 817-5804 kfolan@mtc.ca.gov

From: Craig Goldblatt [CGGoldblatt@mtc.ca.gov]
Sent: Friday, October 02, 2009 1:10 PM
Subject: One more item-- Instructions on initiating use of cost savings (Streets and Roads Preservation Projects)

Attachments: cost savings policy.doc; 1511 certification form.xls; ARRA deadline summary.xls



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1511 certification
form.xls (9...



ARRA deadline
summary.xls (18 ...

Hi,

I also need to add the following regarding resolutions of local support:

Resolutions of Local Support

A new project using ARRA cost savings needs a resolution of local support to be adopted by the project sponsor's board. The boilerplate resolution can be found at

http://www.mtc.ca.gov/funding/ARRA/Final%20ARRA_LocalSupportReso_legal.doc

Please submit this to me by December 31, 2009.

Sorry for the omission.

Craig
